

AMENDED IN ASSEMBLY MARCH 25, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2686

Introduced by Assembly Members Perea, Gray, and Salas
(Coauthor: Senator Cannella)

February 21, 2014

An act to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, relating to a clean, safe, and reliable water supply program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2686, as amended, Perea. Clean, Safe, and Reliable Water Supply Act of 2014.

(1) Existing law, the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would repeal these provisions.

(2) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.

This bill would enact the Clean, Safe, and Reliable Water Supply Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in ~~the amount of \$9,250,000,000~~ *an unspecified amount* pursuant to the State General Obligation Bond Law to finance a clean, safe, and reliable water supply program.

This bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Division 26.7 (commencing with Section 79700) of the Water Code, as added by Section 1 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, is repealed.

SEC. 2. Division 26.7 (commencing with Section 79700) is added to the Water Code, to read:

DIVISION 26.7. CLEAN, SAFE, AND RELIABLE WATER
SUPPLY ACT OF 2014.

CHAPTER 1. SHORT TITLE

79700. This division shall be known, and may be cited, as the Clean, Safe, and Reliable Water Supply Act of 2014.

CHAPTER 2. FINDINGS

79701. The people of California find and declare all of the following:

(a) Safeguarding supplies of clean and safe drinking water to California's homes, businesses, and farms is an essential responsibility of government, and critical to protecting the quality of life for Californians.

(b) Every Californian should have access to clean, safe, and reliable drinking water, consistent with the human right to water and Section 106.3. Providing adequate supplies of clean, safe, and

1 reliable drinking water is vital to keeping California's economy
2 growing and strong.

3 (c) Climate change has impaired California's capacity to ensure
4 clean, safe, and reliable drinking water, as droughts have become
5 more frequent and more severe, and ecosystems have become
6 stressed. Higher temperatures mean less snow pack, which is the
7 state's largest water reservoir. Scientists project a loss of at least
8 25 percent of the snow pack in the Sierra Nevada Mountains by
9 2050. The Colorado River basin, which provides drinking water
10 to southern California, has experienced prolonged drought.

11 (d) California's water infrastructure continues to age and
12 deteriorate. More than 50 years ago, Californians approved the
13 construction of the State Water Project. In the decades that
14 followed, California's water leaders developed the most
15 sophisticated system of state, federal, regional, and local water
16 infrastructure anywhere in the world. In recent decades, however,
17 that water infrastructure and the water environment on which it
18 depends have deteriorated.

19 (e) In the years since the voters approved the State Water
20 Project, California's population has continued to grow, from less
21 than 16 million in 1960 to more than 37 million in 2010. A growing
22 population and a growing economy have put greater stress on
23 California's natural resources, including water. The Department
24 of Finance projects that California's population will reach 50
25 million by 2049.

26 (f) A growing population and a growing economy have put
27 greater stress on California's natural resources, including water.
28 Contamination of groundwater aquifers from economic activity
29 in the agricultural and industrial sectors has threatened vital
30 drinking water supplies.

31 (g) As California and its water infrastructure have grown,
32 increasing demands on California's limited water supplies and
33 deteriorating aquatic ecosystems have led to intense conflict,
34 further threatening the reliability of clean and safe drinking water.

35 (h) *This division is intended to promote the coequal goals, as*
36 *defined in Section 85054, of providing a more reliable water supply*
37 *for California and protecting, restoring, and enhancing the Delta*
38 *ecosystem.*

39 79702. The people of California find and declare all of the
40 following:

1 (a) A sustainable water future can provide the means for
2 California to maintain vibrant communities, globally competitive
3 agriculture, and healthy ecosystems, which are all a part of the
4 quality of life that attracts so many to live in California.

5 (b) Responding to climate change, ensuring clean and safe
6 drinking water, and preparing for California's continued growth
7 will require a diversified portfolio of strategies and investments
8 to address the many water challenges facing California.

9 (c) Improving water quality offers one of the most immediate
10 steps to ensuring a clean and safe drinking water supply. California
11 needs water quality improvements at all parts of the hydrologic
12 cycle, from source water in the watersheds where the state's
13 drinking water supplies originate to wastewater treatment *and*
14 *potential reuse* to improve surface water quality for those who live
15 downstream.

16 (d) Addressing the challenges to the sustainability of the Delta,
17 the heart of the California water system, will help resolve some
18 of the conflicts that impede progress in improving the statewide
19 water system.

20 (e) Enhancing regional water self-reliance *consistent with*
21 *Section 85021* offers a key strategy for addressing climate change
22 and improving water supply reliability. It helps the Delta and it
23 helps local communities to address their own water challenges.
24 ~~Water conservation and water recycling form one part of the~~
25 ~~regional water self-reliance strategy and are commonsense methods~~
26 ~~to make more efficient use of existing water supplies.~~

27 28 CHAPTER 3. DEFINITIONS 29

30 79703. Unless the context otherwise requires, the definitions
31 set forth in this section govern the construction of this division, as
32 follows:

33 (a) "CALFED Bay-Delta Program" means the program
34 described in the Record of Decision dated August 28, 2000.

35 (b) "Commission" means the California Water Commission.

36 (c) "Committee" means the Clean, Safe, and Reliable Water
37 Supply Finance Committee created by Section 79802.

38 (d) "Delta" means the Sacramento-San Joaquin Delta, as defined
39 in Section 85058.

1 (e) “Delta conveyance facilities” means facilities that convey
2 water directly from the Sacramento River to the State Water Project
3 or the federal Central Valley Project pumping facilities in the south
4 Delta.

5 (f) “Delta counties” means the Counties of Contra Costa,
6 Sacramento, San Joaquin, Solano, and Yolo.

7 (g) “Department” means the Department of Water Resources.

8 (h) “Director” means the Director of Water Resources.

9 (i) “Disadvantaged community” has the meaning set forth in
10 subdivision (a) of Section 79505.5.

11 (j) “Economically distressed area” means a municipality with
12 a population of 20,000 persons or less, a rural county, or a
13 reasonably isolated and divisible segment of a larger municipality
14 where the segment of the population is 20,000 persons or less,
15 with an annual median household income that is less than 85
16 percent of the statewide median household income, and with one
17 or more of the following conditions as determined by the
18 department:

19 (1) Financial hardship.

20 (2) Unemployment rate at least 2 percent higher than the
21 statewide average.

22 (3) Low population density.

23 (k) “Fund” means the Clean, Safe, and Reliable Water Supply
24 Fund of 2014 created by Section 79717.

25 (l) “Integrated regional water management plan” has the
26 meaning set forth in Section 10534.

27 (m) “Nonprofit organization” means an organization qualified
28 to do business in California and qualified under Section 501(c)(3)
29 of Title 26 of the United States Code.

30 (n) “Public agency” means a state agency or department, district,
31 joint powers authority, city, county, city and county, or other
32 political subdivision of the state.

33 (o) “Rainwater” has the meaning set forth in subdivision (c) of
34 Section 10573.

35 (p) “Severely disadvantaged community” has the meaning set
36 forth in subdivision (n) of Section 116760.20 of the Health and
37 Safety Code.

38 (q) “Small community water system” means a community water
39 system that serves no more than 3,300 service connections or a
40 yearlong population of no more than 10,000 persons.

(r) “State General Obligation Bond Law” means the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code).

(s) “State small water system” has the meaning set forth in subdivision (n) of Section 116275 of the Health and Safety Code.

(t) “Stormwater” has the meaning set forth in subdivision (e) of Section 10573.

CHAPTER 4. GENERAL PROVISIONS

79705. An amount that equals not more than 5 percent of the funds allocated for a grant program pursuant to this division may be used to pay the administrative costs of that program.

79706. Unless otherwise specified, up to 10 percent of funds allocated for each program funded by this division may be expended for planning and monitoring necessary for the successful design, selection, and implementation of the projects authorized under that program. This section shall not otherwise restrict funds ordinarily used by an agency for “preliminary plans,” “working drawings,” and “construction” as defined in the annual Budget Act for a capital outlay project or grant project. Water quality monitoring shall be integrated into the surface water ambient monitoring program administered by the State Water Resources Control Board. Watershed monitoring shall be integrated into the statewide watershed program administered by the Department of Conservation.

79707. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to the development or implementation of programs or projects authorized or funded under this division other than Chapter 9 (commencing with Section 79760).

79708. (a) Prior to disbursing grants or loans pursuant to this division, each state agency that receives an appropriation from the funding made available by this division to administer a competitive grant or loan program under this division shall develop and adopt project solicitation and evaluation guidelines. The guidelines shall include monitoring and reporting requirements and may include a limitation on the dollar amount of grants or loans to be awarded.

1 (b) Prior to disbursing grants or loans, the state agency shall
2 conduct three public meetings to consider public comments prior
3 to finalizing the guidelines. The state agency shall publish the draft
4 solicitation and evaluation guidelines on its Internet Web site at
5 least 30 days before the public meetings. One meeting shall be
6 conducted at a location in northern California, one meeting shall
7 be conducted at a location in the central valley of California, and
8 one meeting shall be conducted at a location in southern California.
9 Upon adoption, the state agency shall transmit copies of the
10 guidelines to the fiscal committees and the appropriate policy
11 committees of the Legislature.

12 79709. It is the intent of the people that:

13 (a) The investment of public funds pursuant to this division will
14 result in public benefits that address the most-urgent critical
15 statewide needs and priorities for public funding.

16 ~~(b) Beneficiaries pay for the benefits they receive from projects
17 funded pursuant to this division.~~

18 ~~(c) Any relevant statute enacted before voters approve this bond
19 shall be considered in the appropriation and expenditure of the
20 funding authorized by this division.~~

21 ~~(d)~~

22 (b) In the appropriation and expenditure of funding authorized
23 by this division, priority ~~shall~~ will be given to projects that leverage
24 private, federal, or local funding or produce the greatest public
25 benefit.

26 ~~(e)~~

27 (c) A funded project advances the purposes of the chapter from
28 which the project received funding.

29 ~~(f)~~

30 (d) In making decisions regarding water resources, state and
31 local water agencies use the best available science to inform those
32 decisions.

33 ~~(g)~~

34 (e) Special consideration will be given to projects that employ
35 new or innovative technology or practices, including decision
36 support tools that ~~demonstrate~~ support the ~~multiple benefits of~~
37 ~~integrating~~ integration of multiple jurisdictions, including, but not
38 limited to, water supply, flood control, land use, and sanitation.

39 ~~(h) Projects funded with proceeds from this division shall
40 contribute to improving the sustainability of local communities.~~

1 ~~(i) Except as provided in Sections 79726 and 79727, the costs~~
2 ~~of stewardship, operation, and maintenance of the projects funded~~
3 ~~by this division shall be paid from other sources of revenue that~~
4 ~~are sustainable over the long term.~~

5 ~~(j)~~

6 (f) Evaluation of projects considered for funding pursuant to
7 this division ~~shall~~ will include review by professionals in the fields
8 relevant to the proposed project.

9 ~~(k)~~

10 (g) To the extent practicable, a project supported by funds made
11 available by this division ~~shall~~ will include signage informing the
12 public that the project received funds from the Clean, Safe, and
13 Reliable Water Supply Act of 2014.

14 ~~(l) Projects funded with proceeds from this division shall be~~
15 ~~consistent with Division 7 (commencing with Section 13000) of~~
16 ~~this code and Section 13100 of the Government Code.~~

17 79710. (a) The California State Auditor shall annually conduct
18 a programmatic review and an audit of expenditures from the fund.

19 (b) Notwithstanding Section 10231.5 of the Government Code,
20 the California State Auditor shall report its findings annually on
21 or before March 1 to the Governor and the Legislature, and shall
22 make the findings available to the public.

23 (c) If an audit, required by statute, of a public agency that
24 receives funding authorized by this division is conducted pursuant
25 to state law and reveals any impropriety, the California State
26 Auditor or the Controller may conduct a full audit of any or all of
27 the activities of the public agency.

28 (d) The state agency issuing any grant or loan with funding
29 authorized by this division shall require adequate reporting of the
30 expenditures of the funding from the grant or loan.

31 79711. (a) Funds provided by this division shall not be
32 expended to support or pay for the costs of environmental
33 mitigation measures ~~or environmental compliance obligations of~~
34 ~~any party~~ except as part of the environmental mitigation costs of
35 projects financed by this division. Funds provided by this division
36 may be used for environmental enhancements or other public
37 benefits.

38 ~~(b) Funds provided by this division shall not be expended for~~
39 ~~the acquisition or transfer of water rights except for a permanent~~
40 ~~dedication of water approved in accordance with Section 1707~~

1 where the state board specifies that the water is in addition to water
2 that is required for regulatory requirements as provided in
3 subdivision (c) of Section 1707. The requirement that a dedication
4 of water be permanent shall not preclude the expenditure of funds
5 provided by this division for the initiation of the dedication as a
6 short-term or temporary urgency change, that is approved in
7 accordance with Section 1707 and either Chapter 6.6 (commencing
8 with Section 1435) of, or Chapter 10.5 (commencing with Section
9 1725) of, Part 2 of Division 2, during the period required to prepare
10 any environmental documentation and for approval of permanent
11 dedication.

12 *(b) Any acquisitions of water supported by funds provided by*
13 *this division shall be long-term transfers or purchases of water*
14 *rights.*

15 79712. Funds provided by this division shall not be expended
16 to pay the costs of the design, construction, operation, mitigation,
17 or maintenance of Delta conveyance facilities. Those costs shall
18 be the responsibility of the water agencies that benefit from the
19 design, construction, operation, or maintenance of those facilities.

20 79713. (a) This division does not diminish, impair, or
21 otherwise affect in any manner whatsoever any area of origin,
22 watershed of origin, county of origin, or any other water rights
23 protections, including, but not limited to, rights to water
24 appropriated prior to December 19, 1914, provided under the law.
25 This division does not limit or affect the application of Article 1.7
26 (commencing with Section 1215) of Chapter 1 of Part 2 of Division
27 2, Sections 10505, 10505.5, 11128, 11460, 11461, 11462, and
28 11463, and Sections 12200 to 12220, inclusive.

29 (b) For the purposes of this division, an area that utilizes water
30 that has been diverted and conveyed from the Sacramento River
31 hydrologic region, for use outside the Sacramento River hydrologic
32 region or the Delta, shall not be deemed to be immediately adjacent
33 thereto or capable of being conveniently supplied with water
34 therefrom by virtue or on account of the diversion and conveyance
35 of that water through facilities that may be constructed for that
36 purpose after January 1, 2014.

37 (c) Nothing in this division supersedes, limits, or otherwise
38 modifies the applicability of Chapter 10 (commencing with Section
39 1700) of Part 2 of Division 2, including petitions related to any
40 new conveyance constructed or operated in accordance with

1 Chapter 2 (commencing with Section 85320) of Part 4 of Division
2 35.

3 (d) Unless otherwise expressly provided, nothing in this division
4 supersedes, reduces, or otherwise affects existing legal protections,
5 both procedural and substantive, relating to the state board's
6 regulation of diversion and use of water, including, but not limited
7 to, water right priorities, the protection provided to municipal
8 interests by Sections 106 and 106.5, and changes in water rights.
9 Nothing in this division expands or otherwise alters the state
10 board's existing authority to regulate the diversion and use of water
11 or the courts' existing concurrent jurisdiction over California water
12 rights.

13 (e) Nothing in this division shall be construed to affect the
14 California Wild and Scenic Rivers Act (Chapter 1.4 (commencing
15 with Section 5093.50) of Division 5 of the Public Resources Code)
16 and funds authorized pursuant to this division shall not be available
17 for any project that could have an adverse effect on the ~~free flowing~~
18 ~~condition of values upon which~~ a wild and scenic river or any other
19 river *is* afforded protections pursuant to the California Wild and
20 Scenic Rivers Act.

21 (f) Nothing in this division supersedes, limits, or otherwise
22 modifies the Sacramento-San Joaquin Delta Reform Act of 2009
23 (Division 35 (commencing with Section 85000)).

24 79714. Eligible applicants under this division are public
25 agencies, federally recognized Indian tribes, nonprofit
26 organizations, public utilities, and mutual water companies. To be
27 eligible for funding under this division, a project proposed by a
28 public utility that is regulated by the Public Utilities Commission
29 or a mutual water company shall have a clear and definite public
30 purpose and shall benefit the customers of the water system.

31 79715. The Legislature may enact legislation necessary to
32 implement programs funded by this division, *except as otherwise*
33 *provided in Section 79770.*

34 79716. (a) Unless otherwise specified, any state agency that
35 has the statutory authority to implement one or more of the
36 purposes specified in this bond may be eligible for appropriations
37 from the funding made available by this division.

38 (b) Funding made available by this division shall not be
39 appropriated to a specific project.

(c) Projects funded pursuant to this division ~~shall~~ *may* use the services of the California Conservation Corps or certified community conservation corps, as defined in Section 14507.5 of the Public Resources Code, ~~whenever feasible~~.

79717. The proceeds of bonds issued and sold pursuant to this division shall be deposited in the Clean, Safe, and Reliable Water Supply Fund of 2014, which is hereby created in the State Treasury.

~~79718. (a) The funding authorized by this division shall be subject to the oversight of a state agency established by statute for that purpose.~~

~~(b)~~
79718. Each state agency that receives an appropriation of funding made available by this division shall be responsible for establishing metrics of success and reporting the status of projects and all uses of the funding on the state's bond accountability Internet Web site, as provided by statute.

CHAPTER 5. CLEAN AND SAFE DRINKING WATER

79720. The sum of one billion dollars (\$1,000,000,000) shall be available, upon appropriation by the Legislature from the fund, for expenditures, grants, and loans for projects that improve water quality or help provide clean and safe drinking water to all Californians.

79721. The projects eligible for funding pursuant to this chapter shall help improve water quality for a beneficial use. The purposes of this chapter are to:

(a) Reduce contaminants in drinking water supplies regardless of the source of the water or the contamination, including the assessment and prioritization of the risk to the safety of drinking water supplies.

(b) Address the critical and immediate needs of disadvantaged, rural, or small communities that suffer from contaminated drinking water supplies, including, but not limited to, projects that address a public health emergency.

(c) Leverage other private, federal, state, and local drinking water quality and wastewater treatment funds.

(d) Reduce contaminants in discharges to, and improve the quality of, surface water streams.

(e) Improve water quality of surface water streams, including multibenefit stormwater quality projects.

(f) Prevent further contamination of drinking water supplies.

(g) Provide disadvantaged communities with public drinking water infrastructure that provides clean and safe drinking water supplies that the community can sustain over the long term.

(h) Ensure access to clean, safe, and affordable drinking water for California's communities.

79722. (a) A project that receives funding under this chapter shall be selected by a competitive grant or loan process with added consideration for those projects that leverage private, federal, or local funding. This subdivision shall not apply to projects for the purposes of Section 79727 that address a public health priority for which no other source of funding can be identified.

(b) An agency administering grants or loans for the purposes of this chapter shall assess the capacity of a community to pay for the operation and maintenance of the facility to be funded.

(c) A project that receives funding authorized by this chapter may be implemented by any public water system or other public water agency.

79723. An applicant for a project to clean up a groundwater aquifer shall demonstrate that a public agency has authority to manage the water resources in that aquifer in order to be eligible for funding pursuant to this chapter. *A groundwater management plan adopted and approved pursuant to Part 2.75 (commencing with Section 10750) of Division 6 shall be deemed sufficient to satisfy the requirement of this section.* This section does not apply to projects that install treatment facilities at the wellhead, customer connection, or the tap.

79724. The contaminants that may be addressed with funding pursuant to this chapter may include, but shall not be limited to, nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic, selenium, hexavalent chromium, mercury, PCE (perchloroethylene), TCE (trichloroethylene), DCE (dichloroethene), DCA (dichloroethane), ~~1,2,3-TCP~~ *1,2,3-TCP* (trichloropropane), carbon tetrachloride, 1,4-dioxane, ~~1,4-dioxacyclohexane~~ *1,4-dioxacyclohexane*, nitrosodimethylamine, bromide, iron, manganese, and uranium.

79725. Of the funds authorized in Section 79720, not less than ~~four~~ *two* hundred million dollars (~~\$400,000,000~~) (*\$200,000,000*)

1 shall be available for deposit in the State Water Pollution Control
2 Revolving Fund Small Community Grant Fund created pursuant
3 to Section 13477.6 for grants for wastewater treatment projects.
4 Priority shall be given to projects that serve disadvantaged
5 communities and severely disadvantaged communities, and to
6 projects that address public health hazards. Projects ~~shall~~ *may*
7 include, but not be limited to, projects that identify, plan, design,
8 and implement regional mechanisms to consolidate wastewater
9 systems or provide affordable treatment technologies.

10 79726. (a) Of the funds authorized in Section 79720, one
11 hundred million dollars (\$100,000,000) shall be available for
12 deposit in the Emergency Clean Water Grant Fund, established
13 pursuant to Section 116475 of the Health and Safety Code, for
14 grants and direct expenditures to finance public health emergencies
15 and urgent actions, as may be determined by the Legislature, to
16 ensure that safe drinking water supplies are available to all
17 Californians. Eligible projects include, but are not limited to, the
18 following:

19 (1) Providing interim water supplies, including, but not limited
20 to, bottled water, where necessary to protect public health.

21 (2) Identifying, planning, designing, and constructing projects
22 that improve *or replace* existing water systems to provide safe,
23 reliable, accessible, and affordable drinking water, provide other
24 sources of safe drinking water, including, but not limited to,
25 replacement wells, and prevent contamination.

26 (3) Establishing connections to an adjacent water system.

27 (4) The design, purchase, installation, and initial operating costs
28 for interim water treatment equipment and systems.

29 (b) The administering entity may expend up to ten million
30 dollars (\$10,000,000) for grants and loans to address the water
31 quality needs of private well owners that have no other source of
32 funding and serve members of a disadvantaged community.

33 *(c) Funds made available pursuant to this section may be used*
34 *to fund the costs of stewardship, operation, and maintenance of*
35 *funded projects.*

36 79727. (a) Of the funds authorized in Section 79720, four
37 hundred million dollars (\$400,000,000) shall be available for grants
38 and loans for public water system infrastructure improvements
39 and related actions to meet safe drinking water standards, ensure
40 affordable drinking water, or both. Priority shall be given to

1 projects that provide treatment for contamination or access to an
2 alternate drinking water source or sources for small community
3 water systems or state small water systems in disadvantaged
4 communities whose drinking water source is impaired by chemical
5 and nitrate contaminants and other health hazards identified by
6 the implementing agency. Eligible recipients serve disadvantaged
7 communities and are public agencies or incorporated mutual water
8 companies. The implementing agency may make grants for the
9 purpose of financing feasibility studies and to meet the eligibility
10 requirements for a construction grant. Eligible expenses may
11 include initial and ongoing operation and maintenance costs for
12 systems serving disadvantaged communities. Special consideration
13 shall be given to projects that provide shared solutions for multiple
14 communities, at least one of which is a disadvantaged community
15 that lacks safe, affordable drinking water and is served by a small
16 community water system, state small water system, or a private
17 well. Construction grants shall be limited to five million dollars
18 (\$5,000,000) per project, except that the implementing agency
19 may set a limit of not more than twenty million dollars
20 (\$20,000,000) for projects that provide regional benefits or are
21 shared among multiple entities, at least one of which shall be a
22 small disadvantaged community. Not more than 25 percent of a
23 grant may be awarded in advance of actual expenditures.

24 (b) The administering entity may expend up to twenty-five
25 million dollars (\$25,000,000) of the funds allocated in subdivision
26 (a) for technical assistance to eligible communities.

27 (c) *Funds made available pursuant to this section may be used*
28 *to fund the costs of stewardship, operation, and maintenance of*
29 *funded projects.*

30 ~~79728. Of the funds authorized in Section 79720, up to one~~
31 ~~hundred million dollars (\$100,000,000) shall be available for~~
32 ~~improving groundwater quality, including, but not limited to, the~~
33 ~~costs of planning, design, and construction of improvements~~
34 ~~necessary to resume delivery of safe drinking water.~~

35 *79728. Of the funds authorized in Section 79720, fifty million*
36 *dollars (\$50,000,000) shall be provided to the California State*
37 *University to be managed for the system by an office designated*
38 *by the chancellor for the purpose of funding applied research and*
39 *education related to improvement of water quality, increasing*
40 *access to clean water, improved water use efficiency, and training*

1 *in the selection, operation, and maintenance of water infrastructure*
2 *facilities for disadvantaged communities.*

3 79729. (a) For the purposes of awarding funding under this
4 chapter, a local cost share of not less than 50 percent of the total
5 costs of the project shall be required. The cost-sharing requirement
6 may be waived or reduced for projects that directly benefit a
7 disadvantaged community or an economically distressed area.

8 (b) At least 10 percent of the funds available pursuant to this
9 chapter shall be allocated for projects serving severely
10 disadvantaged communities.

11 (c) Funding authorized pursuant to this chapter shall include
12 funding for technical assistance to disadvantaged communities.
13 The agency administering this funding shall operate a
14 multidisciplinary technical assistance program for small and
15 disadvantaged communities.

16 (d) Funding for planning activities, including technical
17 assistance, to benefit disadvantaged communities may exceed 10
18 percent of the funds allocated, subject to the determination of the
19 need for additional planning funding by the state agency
20 administering the funding.

21
22 CHAPTER 6. PROTECTING RIVERS, LAKES, STREAMS, COASTAL
23 WATERS, AND WATERSHEDS
24

25 79730. (a) The sum of one billion five hundred million dollars
26 (\$1,500,000,000) shall be available, upon appropriation by the
27 Legislature from the fund, in accordance with this chapter, for
28 ~~expenditures and competitive~~ grants for multibenefit ecosystem
29 and watershed protection and restoration projects in accordance
30 with statewide priorities.

31 (b) Of the funds made available by this section, the following
32 specified amounts shall be made available to the specified regions;
33 ~~with consideration of the population of each region:~~

34 (1) _____ million dollars (\$_____) for the North Coast region.

35 (2) _____ million dollars (\$_____) for the San Francisco Bay
36 Area.

37 (3) _____ million dollars (\$_____) for the Sierra Nevada and
38 Cascade Range region.

39 (4) _____ million dollars (\$_____) for the Central Coast region.

40 (5) _____ million dollars (\$_____) for the Central Valley region.

- 1 (6) _____ million dollars (\$_____) for the Southern California
2 region.
- 3 79731. In protecting and restoring California rivers, lakes,
4 streams, and watersheds, the purposes of this chapter are to:
- 5 (a) Protect and increase the economic benefits arising from
6 healthy watersheds, fishery resources, and instream flow.
- 7 (b) Implement watershed adaptation projects in order to reduce
8 the impacts of climate change on California's communities and
9 ecosystems.
- 10 (c) Restore river parkways throughout the state, including, but
11 not limited to, projects pursuant to the California River Parkway
12 Act of 2004 (Chapter 3.8 (commencing with Section 5750) of
13 Division 5 of the Public Resources Code), in the Urban Streams
14 Restoration Program established pursuant to Section 7048, and
15 urban river greenways.
- 16 (d) Protect and restore aquatic, wetland, and migratory bird
17 ecosystems, including fish and wildlife corridors and the
18 acquisition of water rights for instream flow pursuant to Section
19 1707.
- 20 (e) Fulfill the obligations of the State of California in complying
21 with the terms of multiparty settlement agreements related to water
22 resources.
- 23 (f) Remove barriers to fish passage.
- 24 (g) Collaborate with federal agencies in the protection of fish
25 native to California and wetlands in the central valley of California.
- 26 (h) Implement fuel treatment projects to reduce wildfire risks,
27 protect watersheds tributary to water storage facilities, and promote
28 watershed health.
- 29 (i) Protect and restore rural and urban watershed health to
30 improve watershed storage capacity, forest health, protection of
31 life and property, stormwater resource management, and
32 greenhouse gas reduction.
- 33 (j) Promote access and recreational opportunities to watersheds
34 and waterways that are compatible with habitat values and water
35 quality objectives.
- 36 (k) Promote educational opportunities to instruct and inform
37 Californians, including young people, about the value of
38 watersheds.
- 39 (l) Protect and restore coastal watersheds, including, but not
40 limited to, bays, marine estuaries, and nearshore ecosystems.

1 (m) Reduce pollution or contamination of rivers, lakes, streams,
2 or coastal waters, prevent and remediate mercury contamination
3 from legacy mines, and protect or restore natural system functions
4 that contribute to water supply, water quality, or flood management.

5 (n) Assist in the recovery of endangered, threatened, or
6 migratory species by improving watershed health, instream flows
7 pursuant to Section 1707, fish passage, coastal or inland wetland
8 restoration, or other means, such as natural community
9 conservation plan and habitat conservation plan implementation.

10 (o) Promote urban forestry pursuant to the Urban Forest Act of
11 1978 (Chapter 2 (commencing with Section 4799.06) of Division
12 4 of the Public Resources Code).

13 79732. For restoration and ecosystem protection projects under
14 this chapter, the services of the California Conservation Corps or
15 a local conservation corps certified by the California Conservation
16 Corps shall be used whenever feasible.

17 79733. (a) Notwithstanding Section 79711, of the funds
18 authorized in Section 79730, five hundred million dollars
19 (\$500,000,000) shall be available to fulfill the obligations of the
20 State of California in complying with the terms of any of the
21 following:

22 (1) The February 18, 2010, Klamath Basin Restoration
23 Agreement.

24 (2) The Quantification Settlement Agreement, as defined in
25 subdivision (a) of Section 1 of Chapter 617 of the Statutes of 2002.

26 (3) The San Joaquin River Restoration Settlement, as described
27 in Part I of Subtitle A of Title X of Public Law 111-11.

28 (4) Section 3406(d) of Title 34 of Public Law 102-575.

29 (5) Other multiparty settlement agreements in effect as of
30 January 1, 2014, including the Tahoe Regional Planning Compact
31 set forth in Section 66801 of the Government Code.

32 (b) Of the funds authorized in Section 79730, two hundred fifty
33 million dollars (\$250,000,000) shall be available to the Natural
34 Resources Agency to support projects of a state conservancy as
35 provided in the conservancy's strategic plan.

36 (c) In order to guide the expenditure of funds described in this
37 chapter, the Natural Resources Agency shall develop a statewide
38 natural resource protection plan to identify priorities consistent
39 with the purposes of this section. All expenditures by state
40 conservancies and state agencies of funds described in this section

1 shall advance the priorities set forth in the statewide natural
2 resource protection plan.

3 (d) In coordination with the Natural Resources Agency, all state
4 conservancies expending funds provided pursuant to subdivision
5 (b) shall provide biannual written reports to the Natural Resources
6 Agency on expenditures made and how those expenditures advance
7 the statewide priorities set forth in the statewide natural resource
8 protection plan developed pursuant to subdivision (c). The Natural
9 Resources Agency shall produce and make available to the public
10 biannual written reports on total expenditures made and progress
11 toward meeting statewide priorities.

12 79734. For the purposes of this chapter, the terms “protection”
13 and “restoration” have the meanings set forth in Section 75005 of
14 the Public Resources Code.

15
16 CHAPTER 7. CLIMATE CHANGE PREPAREDNESS FOR REGIONAL
17 WATER SECURITY AND DROUGHT PREPAREDNESS
18

19 79740. The sum of one billion five hundred million dollars
20 (\$1,500,000,000) shall be available, upon appropriation by the
21 Legislature from the fund, for expenditures and competitive grants
22 ~~and loans~~ to projects that *are included in, and implement an*
23 *adopted integrated regional water management plan consistent*
24 *with Part 2.2 (commencing with Section 10530) of Division 6 and*
25 respond to climate change and contribute to regional water security
26 as provided in this chapter.

27 79741. In order to improve regional water self-reliance security
28 and adapt to the effects on water supply arising out of climate
29 change, the purposes of this chapter are to:

30 (a) Help water infrastructure systems adapt to climate change,
31 including, but not limited to, sea level rise.

32 (b) Incentivize water agencies throughout each watershed to
33 collaborate in managing the region’s water resources and setting
34 regional priorities for water infrastructure.

35 (c) Improve regional water self-reliance, ~~including projects that~~
36 ~~reduce future reliance on the Delta watershed in meeting~~
37 ~~California’s future water supply needs,~~ consistent with Section
38 85021.

39 (d) ~~Fund the increment of project costs related to the project’s~~
40 ~~public benefits.~~

1 ~~79742. (a) In selecting among proposed projects in a~~
2 ~~watershed, the scope of the adopted integrated regional water~~
3 ~~management plan may be considered by the administering state~~
4 ~~agency, with priority going to projects in plans that cover a greater~~
5 ~~portion of the watershed. If a plan covers substantially all of the~~
6 ~~watershed then the plan's project priorities shall be given deference.~~

7 ~~(b)~~

8 79742. (a) An urban water supplier that does not prepare,
9 adopt, and submit its urban water management plan in accordance
10 with the Urban Water Management Planning Act (Part 2.6
11 (commencing with Section 10610) of Division 6) is ineligible to
12 apply for funds made available pursuant to this chapter until the
13 urban water management plan is prepared and submitted in
14 accordance with the requirements of that act.

15 ~~(c) An agricultural water supplier that does not prepare, adopt,~~
16 ~~and submit its agricultural water management plan in accordance~~
17 ~~with the Agricultural Water Management Planning Act (Part 2.8~~
18 ~~(commencing with Section 10800) of Division 6) is ineligible to~~
19 ~~apply for funds made available pursuant to this chapter until the~~
20 ~~agricultural water management plan is prepared and submitted in~~
21 ~~accordance with the requirements of that act.~~

22 ~~(d)~~

23 (b) A local agency that does not prepare, adopt, and submit its
24 groundwater management plan in accordance with Part 2.75
25 (commencing with Section 10750) of Division 6 is ineligible to
26 apply for funds made available pursuant to this chapter until the
27 plan is prepared and submitted in accordance with the requirements
28 of that part. The groundwater management plan requirement shall
29 not apply to a water replenishment district formed pursuant to
30 Division 18 (commencing with Section 60000) or to a local agency
31 that serves or has authority to manage an adjudicated groundwater
32 basin.

33 ~~(e)~~

34 (c) For the purposes of awarding funding under this chapter, a
35 cost share from nonstate sources of not less than 50 percent of the
36 total costs of the project shall be required. The cost sharing
37 requirement may be waived or reduced for projects that directly
38 benefit a disadvantaged community or an economically distressed
39 area.

40 ~~(f)~~

1 (d) Not less than 10 percent of the funds authorized by this
2 chapter shall be allocated to projects that directly benefit
3 disadvantaged communities.

4 ~~(g)~~

5 (e) For the purposes of awarding a grant under this chapter, the
6 applicant shall demonstrate that the integrated regional water
7 management plan the applicant's project implements—addresses
8 *contributes to addressing* the risks in the region to water supply
9 and water infrastructure arising from climate change.

10 ~~(h)~~

11 (f) Projects that achieve multiple benefits shall receive special
12 consideration.

13 79743. Subject to the determination of regional priorities—by
14 in the regional water management group, eligible projects may
15 include, but are not limited to, projects that promote any of the
16 following:

17 (a) Water reuse and recycling.

18 (b) Water-use efficiency and water conservation.

19 (c) Local and regional surface and underground water storage,
20 including groundwater aquifer cleanup or recharge projects.

21 (d) Regional water conveyance facilities that improve integration
22 of separate water systems.

23 (e) Watershed protection, restoration, and management projects,
24 *including projects that reduce the risk of wildfire or improve water*
25 *supply reliability.*

26 (f) Stormwater resource management, including, but not limited
27 to, the following:

28 (1) Projects to reduce, manage, treat, or capture rainwater or
29 stormwater.

30 (2) Projects that provide multiple benefits such as water quality,
31 water supply, flood control, or open space.

32 (3) Decision support tools that evaluate the benefits and costs
33 of multibenefit stormwater projects.

34 (4) Projects to implement a stormwater resource plan developed
35 in accordance with Part 2.3 (commencing with Section 10560) of
36 Division 6.

37 (g) Conjunctive use of surface and groundwater storage
38 facilities.

39 ~~(h) Water desalination projects, including projects that~~
40 ~~incorporate renewable energy generation and reduce regional~~

1 ~~reliance on water from the Delta watershed to meet California's~~
2 ~~future water supply needs pursuant to Section 85021 projects.~~

3 (i) Decision support tools to model regional water management
4 strategies to account for climate change and other changes in
5 regional demand and supply projections.

6 79744. (a) Of the funds authorized in Section 79740, one
7 billion dollars (\$1,000,000,000) shall be allocated to the hydrologic
8 regions as identified in the California Water Plan in accordance
9 with this section. For the South Coast hydrologic region, the
10 department shall establish three funding areas that reflect the
11 watersheds of San Diego County (designated as the San Diego
12 subregion), the Santa Ana River watershed and southern Orange
13 County (designated as the Santa Ana subregion), and the Los
14 Angeles and Ventura County watersheds (designated as the Los
15 Angeles subregion), and shall allocate funds to those areas in
16 accordance with this subdivision. The North and South Lahontan
17 hydrologic regions shall be treated as one area for the purpose of
18 allocating funds. For purposes of this subdivision, the Sacramento
19 River hydrologic region does not include the Delta. For purposes
20 of this subdivision, the Mountain Counties Overlay is not eligible
21 for funds from the Sacramento River hydrologic region or the San
22 Joaquin River hydrologic region. Multiple integrated regional
23 water management plans may be recognized in each of the areas
24 allocated funding.

25 (b) Funds made available by this chapter shall be allocated as
26 follows:

27 ~~(1) North Coast: \$45,000,000.~~

28 ~~(2) San Francisco Bay: \$132,000,000.~~

29 ~~(3) Central Coast: \$58,000,000.~~

30 ~~(4) Los Angeles subregion: \$198,000,000.~~

31 ~~(5) Santa Ana subregion: \$128,000,000.~~

32 ~~(6) San Diego subregion: \$87,000,000.~~

33 ~~(7) Sacramento River: \$76,000,000.~~

34 ~~(8) San Joaquin River: \$64,000,000.~~

35 ~~(9) Tulare/Kern: \$70,000,000.~~

36 ~~(10) North/South Lahontan: \$51,000,000.~~

37 ~~(11) Colorado River Basin: \$47,000,000.~~

38 ~~(12) Mountain Counties Overlay: \$44,000,000.~~

39 *(1) Forty-five million dollars (\$45,000,000) for the North Coast*
40 *hydrologic region.*

1 (2) *One hundred thirty-two million dollars (\$132,000,000) for*
2 *the San Francisco Bay hydrologic region.*

3 (3) *Fifty-eight million dollars (\$58,000,000) for the Central*
4 *Coast hydrologic region.*

5 (4) *One hundred ninety-eight million dollars (\$198,000,000)*
6 *for the Los Angeles subregion.*

7 (5) *One hundred twenty-eight million dollars (\$128,000,000)*
8 *for the Santa Ana subregion.*

9 (6) *Eighty-seven million dollars (\$87,000,000) for the San Diego*
10 *subregion.*

11 (7) *Seventy-six million dollars (\$76,000,000) for the Sacramento*
12 *River hydrologic region.*

13 (8) *Sixty-four million dollars (\$64,000,000) for the San Joaquin*
14 *River hydrologic region.*

15 (9) *Seventy million dollars (\$70,000,000) for the Tulare/Kern*
16 *hydrologic region.*

17 (10) *Fifty-one million dollars (\$51,000,000) for the North/South*
18 *Lahontan hydrologic region.*

19 (11) *Forty-seven million dollars (\$47,000,000) for the Colorado*
20 *River Basin hydrologic region.*

21 (12) *Forty-four million dollars (\$44,000,000) for the Mountain*
22 *Counties Overlay.*

23 79745. (a) Of the funds authorized by Section 79740, up to
24 two hundred fifty million dollars (\$250,000,000) may be used for
25 ~~direct expenditures, expenditures and grants, and loans~~ for water
26 conservation and *expenditures and grants* for water use efficiency
27 plans, projects, and programs, including either of the following:

28 (1) Urban water conservation plans, projects, and programs,
29 including regional projects and programs, implemented to achieve
30 urban water use targets developed pursuant to Section 10608.20.
31 Priority for funding shall be given to programs that do any of the
32 following:

33 (A) Assist water suppliers and regions to implement
34 conservation programs and measures that are not locally
35 cost-effective.

36 (B) Support water supplier and regional efforts to implement
37 programs targeted to enhance water use efficiency for commercial,
38 industrial, and institutional water users.

39 (C) Assist water suppliers and regions with programs and
40 measures targeted toward realizing the conservation benefits of

1 implementation of the provisions of the state landscape model
2 ordinance.

3 (2) Agricultural water management plans or agricultural water
4 use efficiency projects and programs developed pursuant to Part
5 2.8 (commencing with Section 10800) of Division 6.

6 (b) Section 1011 applies to all conservation measures that an
7 agricultural water supplier or an urban water supplier implements
8 with funding under this chapter. This subdivision does not limit
9 the application of Section 1011 to any other measures or projects
10 implemented by a water supplier. *Notwithstanding Section 79740*
11 *and subdivision (e) of Section 79742, the projects funded pursuant*
12 *to this section are not required to be in an adopted integrated*
13 *regional water management plan or to comply with that program.*

14 ~~79746. Of the funds authorized by Section 79740, the sum of~~
15 ~~five hundred million dollars (\$500,000,000) shall be available,~~
16 ~~upon appropriation by the Legislature from the fund, for grants~~
17 ~~and loans for water recycling and advanced treatment technology~~
18 ~~projects, including all of the following:~~

19 ~~(a) Water recycling projects.~~

20 ~~(b) Contaminant and salt removal projects, including, but not~~
21 ~~limited to, groundwater and seawater desalination.~~

22 ~~(c) Dedicated distribution infrastructure for recycled water and~~
23 ~~commercial and industrial end-user retrofit projects to allow use~~
24 ~~of recycled water.~~

25 ~~(d) Pilot projects for new salt and contaminant removal~~
26 ~~technology.~~

27 ~~(e) Groundwater recharge infrastructure related to recycled~~
28 ~~water.~~

29 ~~(f) Technical assistance and grant writing assistance for~~
30 ~~disadvantaged communities.~~

31 ~~(g) For projects funded pursuant to this section, at least a 50~~
32 ~~percent local cost share shall be required. That cost share may be~~
33 ~~suspended or reduced for disadvantaged communities and~~
34 ~~economically distressed areas.~~

35 ~~(h) Projects funded pursuant to this section shall be selected on~~
36 ~~a competitive basis, considering all of the following criteria:~~

37 ~~(1) Water supply reliability improvement.~~

38 ~~(2) Water quality and ecosystem benefits related to decreased~~
39 ~~reliance on diversions from the Delta or instream flows.~~

40 ~~(3) Public health benefits from improved drinking water quality.~~

1 ~~(4) Cost effectiveness.~~

2 ~~(5) Energy efficiency and greenhouse gas emission impacts.~~

3 ~~(i) For the purposes of this section, eligible projects shall~~
4 ~~implement a plan or strategy by one or more regional water~~
5 ~~agencies or integrated regional water management groups to~~
6 ~~incorporate water recycling into the region's water supplies.~~

7 79746. (a) *Of the funds authorized by Section 79740, up to*
8 *three hundred fifty million dollars (\$350,000,000) shall be*
9 *available to the department for grants and expenditures for the*
10 *planning, design, and construction of local and regional*
11 *conveyance projects that support regional and interregional*
12 *connectivity and water management. Projects shall be consistent*
13 *with an adopted integrated regional water management plan and*
14 *shall provide one or more of the following benefits:*

15 *(1) Improved regional or interregional water supply and water*
16 *supply reliability.*

17 *(2) Mitigation of conditions of groundwater overdraft, saline*
18 *water intrusion, water quality degradation, or subsidence.*

19 *(3) Adaptation to the impacts of hydrologic changes.*

20 *(4) Improved water security from drought, natural disasters,*
21 *or other events that could interrupt imported water supplies.*

22 *(5) Provision of safe drinking water for disadvantaged*
23 *communities and economically distressed areas.*

24 *(b) The department shall require a cost share of not less than*
25 *50 percent of total project costs from nonstate sources. The*
26 *department may waive or reduce the cost share requirement for*
27 *projects that directly benefit a disadvantaged community or an*
28 *economically distressed area.*

29 79747. (a) *Of the funds authorized by Section 79740, up to*
30 *two hundred fifty million dollars (\$250,000,000) may be available*
31 *for grants—and loans for multibenefit stormwater management*
32 *projects.*

33 *(b) Eligible projects may include, but shall not be limited to,*
34 *green infrastructure, rainwater and stormwater capture projects,*
35 *and stormwater treatment facilities.*

36 *(c) Development of plans for stormwater projects shall address*
37 *the entire watershed and incorporate the perspectives of*
38 *communities adjacent to the affected waterways, especially*
39 *disadvantaged communities.*

1 79748. In order to receive funding authorized by this chapter
2 to address groundwater quality or supply in an aquifer, the
3 applicant shall demonstrate that a public agency has authority to
4 manage the water resources in that aquifer. A groundwater
5 management plan adopted and approved pursuant to Part 2.75
6 (commencing with Section 10750) of Division 6 shall be deemed
7 sufficient to satisfy the requirements of this section.

8
9 CHAPTER 8. SACRAMENTO-SAN JOAQUIN DELTA
10 SUSTAINABILITY
11

12 79750. (a) The sum of two billion two hundred fifty million
13 dollars (\$2,250,000,000) shall be available, upon appropriation by
14 the Legislature from the fund, for grants and direct expenditures
15 to improve the sustainability of the Delta.

16 (b) This chapter provides state funding for public benefits
17 associated with projects needed to assist in the Delta's
18 sustainability as a vital resource for fish, wildlife, water quality,
19 water supply, agriculture, and recreation.

20 79751. In order to promote the sustainability and resiliency of
21 the Delta, the purposes of this chapter are to:

22 (a) Protect, restore, and enhance the Delta ecosystem, *consistent*
23 *with Section 85054.*

24 (b) Maintain and improve existing Delta levees.

25 (c) Promote the sustainability of the Delta.

26 79752. The funds authorized in Section 79750 shall not be
27 used to pay the costs of a public agency exercising eminent domain
28 to acquire or use property. All property acquired with moneys
29 available pursuant to this chapter shall be acquired from willing
30 sellers.

31 79754. Funding authorized by this chapter for the purpose of
32 subdivision (a) of Section 79751 may include, but is not limited
33 to, the following:

34 (a) Projects to protect and restore native fish and wildlife
35 dependent on the Delta ecosystem, including *the acquisition of*
36 *water rights*, improvement of aquatic or terrestrial habitat, or the
37 removal or reduction of undesirable invasive species.

38 (b) Projects to reduce greenhouse gas emissions from exposed
39 Delta soils.

(c) Scientific studies and assessments that support the projects authorized under this section.

79755. (a) Funding authorized by this chapter for the purpose of subdivision (b) of Section 79751 shall reduce the risk of levee failure and flood in the Delta and may be expended, consistent with the Delta levee investment priorities recommended pursuant to Section 85306, for any of the following:

(1) Local assistance under the Delta levee maintenance subventions program under Part 9 (commencing with Section 12980) of Division 6, as that part may be amended.

(2) Special flood protection projects under Chapter 2 (commencing with Section 12310) of Part 4.8 of Division 6, as that chapter may be amended.

(3) Levee improvement projects that increase the resiliency of levees within the Delta to withstand earthquake, flooding, or sea level rise.

(4) Emergency response and repair projects.

(b) All projects funded pursuant to this section shall be subject to Section 79050.

CHAPTER 9. STATEWIDE WATER SYSTEM OPERATIONAL IMPROVEMENT AND DROUGHT PREPAREDNESS

79760. (a) Notwithstanding Section 162, the commission may make the determinations, findings, and recommendations required of it by this chapter independent of the views of the director. All final actions by the commission in implementing this chapter shall be taken by a majority of the members of the commission at a public meeting noticed and held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).

(b) Notwithstanding Section 13340 of the Government Code, the sum of three billion dollars (\$3,000,000,000) is hereby continuously appropriated from the fund, without regard to fiscal years, to the commission for public benefits associated with water storage projects that improve the operation of the state water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions, in accordance with this chapter. Funds authorized for, or made available to, the commission

1 pursuant to this chapter shall be available and expended only for
2 the purposes provided in this chapter, and shall not be subject to
3 appropriation or transfer by the Legislature or the Governor for
4 any other purpose.

5 (c) Projects shall be selected by the commission through a
6 competitive public process that ranks potential projects based on
7 the expected return for public investment as measured by the
8 magnitude of the public benefits provided, pursuant to criteria
9 established under this chapter.

10 (d) Any project constructed with funds provided by this chapter
11 shall be subject to Section 11590.

12 79761. Projects for which the public benefits are eligible for
13 funding under this chapter consist of only the following:

14 (a) Surface storage projects identified in the CALFED Bay-Delta
15 Program Record of Decision, dated August 28, 2000, except for
16 projects prohibited by Chapter 1.4 (commencing with Section
17 5093.50) of Division 5 of the Public Resources Code.

18 (b) Groundwater storage projects and groundwater
19 contamination prevention or remediation projects that provide
20 water storage benefits.

21 (c) Conjunctive use and reservoir reoperation projects.

22 (d) Local and regional surface storage projects that improve the
23 operation of water systems in the state and provide public benefits.

24 (e) *Projects that improve dam stability in seismic events.*

25 79762. A project shall not be funded pursuant to this chapter
26 unless it provides measurable improvements to the Delta ecosystem
27 or to the tributaries to the Delta.

28 79763. (a) Funds allocated pursuant to this chapter may be
29 expended solely for the following public benefits associated with
30 water storage projects:

31 (1) Ecosystem improvements, including changing the timing of
32 water diversions, improvement in flow conditions, temperature,
33 or other benefits that contribute to restoration of aquatic ecosystems
34 and native fish and wildlife, including those ecosystems and fish
35 and wildlife in the Delta.

36 (2) Water quality improvements in the Delta, or in other river
37 systems, that provide significant public trust resources, or that
38 clean up and restore groundwater resources.

39 (3) Flood control benefits, including, but not limited to, increases
40 in flood reservation space in existing reservoirs by exchange for

1 existing or increased water storage capacity in response to the
2 effects of changing hydrology and decreasing snow pack on
3 California's water and flood management system.

4 (4) Emergency response, including, but not limited to, securing
5 emergency water supplies and flows for dilution and salinity
6 repulsion following a natural disaster or act of terrorism.

7 (5) Recreational purposes, including, but not limited to, those
8 recreational pursuits generally associated with the outdoors.

9 (b) Funds shall not be expended pursuant to this chapter for the
10 costs of environmental mitigation measures or compliance
11 obligations except for those associated with providing the public
12 benefits as described in this section.

13 79764. In consultation with the Department of Fish and
14 Wildlife, the State Water Resources Control Board, and the
15 department, the commission shall develop and adopt, by regulation,
16 methods for quantification and management of public benefits
17 described in Section 79763 by December 15, 2016. The regulations
18 shall include the priorities and relative environmental value of
19 ecosystem benefits as provided by the Department of Fish and
20 Wildlife and the priorities and relative environmental value of
21 water quality benefits as provided by the State Water Resources
22 Control Board.

23 79765. (a) Except as provided in subdivision (c), no funds
24 allocated pursuant to this chapter may be allocated for a project
25 before December 15, 2016, and until the commission approves the
26 project based on the commission's determination that all of the
27 following have occurred:

28 (1) The commission has adopted the regulations specified in
29 Section 79764 and specifically quantified and made public the cost
30 of the public benefits associated with the project.

31 (2) The ~~department~~ *project applicant* has entered into a contract
32 with each party that will derive benefits, other than public benefits,
33 as defined in Section 79763, from the project that ensures the party
34 will pay its share of the total costs of the project. The benefits
35 available to a party shall be consistent with that party's share of
36 total project costs.

37 (3) The ~~department~~ *project applicant* has entered into a contract
38 with each public agency identified in Section 79764 that
39 administers the public benefits, after that agency makes a finding
40 that the public benefits of the project for which that agency is

1 responsible meet all the requirements of this chapter, to ensure
2 that the public contribution of funds pursuant to this chapter
3 achieves the public benefits identified for the project.

4 (4) The commission has held a public hearing for the purposes
5 of providing an opportunity for the public to review and comment
6 on the information required to be prepared pursuant to this
7 subdivision.

8 (5) All of the following additional conditions are met:

9 (A) Feasibility studies have been completed.

10 (B) The commission has found and determined that the project
11 is feasible, is consistent with all applicable laws and regulations,
12 and will advance the long-term objectives of restoring ecological
13 health and improving water management for beneficial uses of the
14 Delta.

15 (C) All environmental documentation associated with the project
16 has been completed, and all other federal, state, and local approvals,
17 certifications, and agreements required to be completed have been
18 obtained.

19 (b) The commission shall submit to the Legislature its findings
20 for each of the criteria identified in subdivision (a) for a project
21 funded pursuant to this chapter.

22 (c) Notwithstanding subdivision (a), funds may be made
23 available under this chapter for the completion of environmental
24 documentation and permitting of a project.

25 79766. (a) The public benefit cost share of a project funded
26 pursuant to this chapter, other than a project described in
27 subdivision (c) of Section 79761, shall not exceed 50 percent of
28 the total costs of any project funded under this chapter.

29 (b) No project may be funded unless it provides ecosystem
30 improvements as described in paragraph (1) of subdivision (a) of
31 Section 79763 that are at least 50 percent of total public benefits
32 of the project funded under this chapter.

33 79767. (a) A project is not eligible for funding under this
34 chapter unless, by January 1, ~~2018~~ 2022, all of the following
35 conditions are met:

36 (1) All feasibility studies are complete and draft environmental
37 documentation is available for public review.

38 (2) The commission makes a finding that the project is feasible,
39 and will advance the long-term objectives of restoring ecological

1 health and improving water management for beneficial uses of the
2 Delta.

3 (3) The director receives commitments for not less than 75
4 percent of the nonpublic benefit cost share of the project.

5 (b) If compliance with subdivision (a) is delayed by litigation
6 or failure to promulgate regulations, the date in subdivision (a)
7 shall be extended by the commission for a time period that is equal
8 to the time period of the delay, and funding under this chapter that
9 has been dedicated to the project shall be encumbered until the
10 time at which the litigation is completed or the regulations have
11 been promulgated.

12 79768. Surface storage projects funded pursuant to this chapter
13 and described in subdivision (a) of Section 79761 may be made a
14 unit of the Central Valley Project as provided in Section 11290
15 and may be financed, acquired, constructed, operated, and
16 maintained pursuant to Part 3 (commencing with Section 11100)
17 of Division 6.

18 79769. (a) The funds allocated for the design, acquisition, and
19 construction of surface storage projects identified in the CALFED
20 Bay-Delta Record of Decision, dated August 28, 2000, pursuant
21 to this chapter may be provided for those purposes to local joint
22 powers authorities formed by irrigation districts and other local
23 water districts and local governments within the applicable
24 hydrologic region to design, acquire, and construct those projects.

25 (b) The joint powers authorities described in subdivision (a)
26 may include in their membership governmental and
27 nongovernmental partners that are not located within their
28 respective hydrologic regions in financing the surface storage
29 projects, including, as appropriate, cost share participation or equity
30 participation. The department shall be an ex officio member of
31 each joint powers authority subject to this section, but the
32 department shall not control the governance, management, or
33 operation of the surface water storage projects.

34 (c) A joint powers authority subject to this section shall own,
35 govern, manage, and operate a surface water storage project,
36 subject to the requirement that the ownership, governance,
37 management, and operation of the surface water storage project
38 shall advance the purposes set forth in this chapter.

39 79770. (a) In approving the Clean, Safe, and Reliable Water
40 Supply Act of 2014, the people were informed and hereby declare

that the provisions of this chapter are necessary, integral, and essential to meeting the single object or work of the Clean, Safe, and Reliable Water Supply Act of 2014. As such, any amendment of the provisions of this chapter by the Legislature without voter approval would frustrate the scheme and design that induced voter approval of this act. The people therefore find and declare that any amendment of the provisions of this chapter by the Legislature shall require an affirmative vote of two-thirds of the membership in each house of the Legislature and voter approval.

(b) This section shall not govern or be used as authority for determining whether the amendment of any other provision of this act not contained in this chapter would constitute a substantial change in the scheme and design of this act requiring voter approval.

CHAPTER 10. WATER RECYCLING

79780. The sum of _____ dollars (\$_____) shall be available, upon appropriation by the Legislature from the fund, for grants for water recycling and advanced treatment technology projects, including all of the following:

(a) Water recycling projects, including, but not limited to, treatment, storage, conveyance, and distribution facilities for potable and nonpotable recycling projects.

(b) Contaminant and salt removal projects, including, but not limited to, groundwater and seawater desalination and associated treatment, storage, conveyance, and distribution facilities.

(c) Dedicated distribution infrastructure to serve residential, commercial, agricultural, and industrial end-user retrofit projects to allow use of recycled water.

(d) Pilot projects for new potable reuse and other salt and contaminant removal technology.

(e) Groundwater recharge infrastructure related to recycled water.

(f) Technical assistance and grant writing assistance for disadvantaged communities.

79781. At least a 50 percent local cost share shall be required for projects funded pursuant to this chapter. That cost share may be suspended or reduced for disadvantaged communities and economically distressed areas.

1 79782. *Projects funded pursuant to this chapter shall be*
2 *selected on a competitive basis, considering all of the following*
3 *criteria:*

- 4 (a) *Water supply reliability improvement.*
- 5 (b) *Water quality and ecosystem benefits related to decreased*
6 *reliance on diversions from the Delta or instream flows.*
- 7 (c) *Public health benefits from improved drinking water quality.*
- 8 (d) *Cost-effectiveness.*
- 9 (e) *Energy efficiency and greenhouse gas emission impacts.*
- 10 (f) *Reasonable geographic allocation to eligible projects*
11 *throughout the state, including both northern and southern*
12 *California and coastal and inland regions.*

13 79783. *For purposes of this chapter, competitive programs*
14 *shall be implemented consistent with water recycling programs*
15 *administered pursuant to Sections 79140 and 79141 or consistent*
16 *with desalination programs administered pursuant to Sections*
17 *79545 and 79547.2.*

18
19 *CHAPTER 11. GROUNDWATER SUSTAINABILITY*
20

21 79790. *Prevention and cleanup of groundwater contamination*
22 *are critical components of successful groundwater management.*
23 *Groundwater quality becomes especially important as water*
24 *providers do the following:*

- 25 (a) *Evaluate investments in groundwater recharge with surface*
26 *water, stormwater, recycled water, and other conjunctive use*
27 *projects that augment local groundwater supplies to improve*
28 *regional water self-reliance.*
- 29 (b) *Adapt to changing hydrologic conditions brought on by*
30 *climate change.*
- 31 (c) *Consider developing groundwater basins to provide much*
32 *needed local storage options to accommodate hydrologic and*
33 *regulatory variability in the state's water delivery system.*
- 34 (d) *Evaluate investments in groundwater recovery projects.*

35 79791. (a) *The sum of _____ dollars (\$_____) shall be available,*
36 *upon appropriation by the Legislature from the fund, for*
37 *expenditures, grants, and loans for projects to prevent or cleanup*
38 *the contamination of groundwater that serves or has served as a*
39 *source of drinking water. Funds appropriated pursuant to this*
40 *section shall be available to the implementing agency for projects*

1 *necessary to protect public health by preventing or reducing the*
2 *contamination of groundwater that serves or has served as a major*
3 *source of drinking water for a community.*

4 *(b) Projects shall be prioritized based upon the following*
5 *criteria:*

6 *(1) The threat posed by groundwater contamination to the*
7 *affected community's overall drinking water supplies, including*
8 *an urgent need for treatment of alternative supplies or increased*
9 *water imports if groundwater is not available due to contamination.*

10 *(2) The potential for groundwater contamination to spread and*
11 *impair drinking water supply and water storage for nearby*
12 *population areas.*

13 *(3) The potential of the project, if fully implemented, to enhance*
14 *local water supply reliability.*

15 *(4) The potential of the project to maximize opportunities to*
16 *recharge vulnerable, high-use groundwater basins and optimize*
17 *groundwater supplies.*

18 *(5) The project addresses contamination at a site for which the*
19 *courts or the appropriate regulatory authority has not yet identified*
20 *responsible parties, or where the identified responsible parties*
21 *are unwilling or unable to pay for the total cost of cleanup.*

22 *(c) The Legislature, by statute, shall establish both of the*
23 *following:*

24 *(1) A requirement that the grantee repay grant funds in the event*
25 *of cost recovery from the parties responsible for the groundwater*
26 *contamination.*

27 *(2) A requirement that the grantee make reasonable efforts to*
28 *attempt to recover the costs of cleanup from the parties responsible*
29 *for the contamination, except that a grantee shall not be required*
30 *to seek cost recovery related to the costs of response actions*
31 *apportioned to responsible parties who are insolvent or cannot*
32 *be identified or located or when a requirement to seek cost*
33 *recovery would impose a financial hardship on the grantee.*

34 *79792. The contaminants that may be addressed with funding*
35 *pursuant to this chapter may include, but shall not be limited to,*
36 *nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic,*
37 *selenium, hexavalent chromium, mercury, PCE*
38 *(perchloroethylene), TCE (trichloroethylene), DCE*
39 *(dichloroethene), DCA (dichloroethane), 1,2,3-TCP*
40 *(trichloropropane), carbon tetrachloride, 1,4-dioxane,*

1 *1,4-dioxacyclohexane, nitrosodimethylamine, bromide, iron,*
2 *manganese, and uranium.*

3 *79793. (a) A project that receives funding pursuant to this*
4 *chapter shall be selected by a competitive grant or loan process*
5 *with added consideration for those projects that leverage private,*
6 *federal, or local funding.*

7 *(b) For the purposes of awarding funding under this chapter,*
8 *a local cost share of not less than 50 percent of the total costs of*
9 *the project shall be required. The cost-sharing requirement may*
10 *be waived or reduced for projects that directly benefit a*
11 *disadvantaged community or an economically distressed area.*

12 *(c) An agency administering grants or loans for the purposes*
13 *of this chapter shall assess the capacity of a community to pay for*
14 *the operation and maintenance of the facility to be funded.*

15 *(d) At least 10 percent of the funds available pursuant to this*
16 *chapter shall be allocated for projects serving severely*
17 *disadvantaged communities.*

18 *(e) Funding authorized pursuant to this chapter shall include*
19 *funding for technical assistance to disadvantaged communities.*
20 *The agency administering this funding shall operate a*
21 *multidisciplinary technical assistance program for small and*
22 *disadvantaged communities.*

23
24 CHAPTER ~~10~~.12. FISCAL PROVISIONS
25

26 *79800. (a) Bonds in the total amount of ~~nine billion two~~*
27 *~~hundred fifty million~~ _____ dollars (~~\$9,250,000,000~~) (\$_____), or*
28 *so much thereof as is necessary, not including the amount of any*
29 *refunding bonds issued in accordance with Section 79812 may be*
30 *issued and sold to provide a fund to be used for carrying out the*
31 *purposes expressed in this division and to reimburse the General*
32 *Obligation Bond Expense Revolving Fund pursuant to Section*
33 *16724.5 of the Government Code. The bonds, when sold, shall be*
34 *and constitute a valid and binding obligation of the State of*
35 *California, and the full faith and credit of the State of California*
36 *is hereby pledged for the punctual payment of both principal of,*
37 *and interest on, the bonds as the principal and interest become due*
38 *and payable.*

39 *(b) The Treasurer shall sell the bonds authorized by the*
40 *committee pursuant to this section. The bonds shall be sold upon*

1 the terms and conditions specified in a resolution to be adopted
2 by the committee pursuant to Section 16731 of the Government
3 Code.

4 79801. The bonds authorized by this division shall be prepared,
5 executed, issued, sold, paid, and redeemed as provided in the State
6 General Obligation Bond Law (Chapter 4 (commencing with
7 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
8 Code), and all of the provisions of that law apply to the bonds and
9 to this division and are hereby incorporated in this division as
10 though set forth in full in this division, except subdivisions (a) and
11 (b) of Section 16727 of the Government Code.

12 79802. (a) Solely for the purpose of authorizing the issuance
13 and sale pursuant to the State General Obligation Bond Law
14 (Chapter 4 (commencing with Section 16720) of Part 3 of Division
15 4 of Title 2 of the Government Code) of the bonds authorized by
16 this division, the Clean, Safe, and Reliable Water Supply Finance
17 Committee is hereby created. For purposes of this division, the
18 Clean, Safe, and Reliable Water Supply Finance Committee is
19 ~~“the committee”~~ the “committee” as that term is used in the State
20 General Obligation Bond Law.

21 (b) The committee consists of the Director of Finance, the
22 Treasurer, the Controller, the Director of Water Resources, and
23 the Secretary of the Natural Resources Agency. Notwithstanding
24 any other provision of law, any member may designate a
25 representative to act as that member in his or her place for all
26 purposes, as though the member were personally present.

27 (c) The Treasurer shall serve as chairperson of the committee.

28 (d) A majority of the committee may act for the committee.

29 79803. The committee shall determine whether or not it is
30 necessary or desirable to issue bonds authorized pursuant to this
31 division in order to carry out the actions specified in this division
32 and, if so, the amount of bonds to be issued and sold. Successive
33 issues of bonds may be authorized and sold to carry out those
34 actions progressively, and it is not necessary that all of the bonds
35 authorized to be issued be sold at any one time.

36 79804. For purposes of the State General Obligation Bond
37 Law, “board,” as defined in Section 16722 of the Government
38 Code, means the Department of Water Resources.

39 79805. There shall be collected each year and in the same
40 manner and at the same time as other state revenue is collected,

1 in addition to the ordinary revenues of the state, a sum in an amount
2 required to pay the principal of, and interest on, the bonds each
3 year. It is the duty of all officers charged by law with any duty in
4 regard to the collection of the revenue to do and perform each and
5 every act that is necessary to collect that additional sum.

6 79806. Notwithstanding Section 13340 of the Government
7 Code, there is hereby appropriated from the General Fund in the
8 State Treasury, for the purposes of this division, an amount that
9 will equal the total of the following:

10 (a) The sum annually necessary to pay the principal of, and
11 interest on, bonds issued and sold pursuant to this division, as the
12 principal and interest become due and payable.

13 (b) The sum that is necessary to carry out the provisions of
14 Section 79809, appropriated without regard to fiscal years.

15 79807. The board may request the Pooled Money Investment
16 Board to make a loan from the Pooled Money Investment Account
17 in accordance with Section 16312 of the Government Code for the
18 purpose of carrying out this division less any amount withdrawn
19 pursuant to Section 79809. The amount of the request shall not
20 exceed the amount of the unsold bonds that the committee has, by
21 resolution, authorized to be sold for the purpose of carrying out
22 this division. The board shall execute those documents required
23 by the Pooled Money Investment Board to obtain and repay the
24 loan. Any amounts loaned shall be deposited in the fund to be
25 allocated in accordance with this division.

26 79808. Notwithstanding any other provision of this division,
27 or of the State General Obligation Bond Law, if the Treasurer sells
28 bonds that include a bond counsel opinion to the effect that the
29 interest on the bonds is excluded from gross income for federal
30 tax purposes under designated conditions or is otherwise entitled
31 to any federal tax advantage, the Treasurer may maintain separate
32 accounts for the bond proceeds invested and for the investment
33 earnings on those proceeds, and may use or direct the use of those
34 proceeds or earnings to pay any rebate, penalty, or other payment
35 required under federal law or take any other action with respect
36 to the investment and use of those bond proceeds, as may be
37 required or desirable under federal law in order to maintain the
38 tax-exempt status of those bonds and to obtain any other advantage
39 under federal law on behalf of the funds of this state.

1 79809. For the purposes of carrying out this division, the
2 Director of Finance may authorize the withdrawal from the General
3 Fund of an amount or amounts not to exceed the amount of the
4 unsold bonds that have been authorized by the committee to be
5 sold for the purpose of carrying out this division less any amount
6 borrowed pursuant to Section 79807. Any amounts withdrawn
7 shall be deposited in the fund. Any moneys made available under
8 this section shall be returned to the General Fund, with interest at
9 the rate earned by the moneys in the Pooled Money Investment
10 Account, from proceeds received from the sale of bonds for the
11 purpose of carrying out this division.

12 79810. All moneys deposited in the fund that are derived from
13 premium and accrued interest on bonds sold pursuant to this
14 division shall be reserved in the fund and shall be available for
15 transfer to the General Fund as a credit to expenditures for bond
16 interest, except that amounts derived from premium may be
17 reserved and used to pay the cost of bond issuance prior to any
18 transfer to the General Fund.

19 79811. Pursuant to Chapter 4 (commencing with Section
20 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
21 the cost of bond issuance shall be paid out of the bond proceeds,
22 including premium, if any. To the extent the cost of bond issuance
23 is not paid from premiums received from the sale of bonds, these
24 costs shall be shared proportionately by each program funded
25 through this division by the applicable bond sale.

26 79812. The bonds issued and sold pursuant to this division
27 may be refunded in accordance with Article 6 (commencing with
28 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
29 the Government Code, which is a part of the State General
30 Obligation Bond Law. Approval by the voters of the state for the
31 issuance of the bonds under this division shall include approval
32 of the issuance of any bonds issued to refund any bonds originally
33 issued under this division or any previously issued refunding bonds.

34 79813. The proceeds from the sale of bonds authorized by this
35 division are not “proceeds of taxes” as that term is used in Article
36 XIII B of the California Constitution, and the disbursement of
37 these proceeds is not subject to the limitations imposed by that
38 article.

1 SEC. 3. Section 2 of Chapter 3 of the Seventh Extraordinary
2 Session of the Statutes of 2009, as amended by Section 1 of
3 Chapter 74 of the Statutes of 2012, is repealed.

4 SEC. 4. Section 2 of this act shall be submitted to the voters
5 at the November 4, 2014, statewide general election in accordance
6 with provisions of the Government Code and the Elections Code
7 governing the submission of a statewide measure to the voters.

8 SEC. 5. Section 2 of this act shall take effect upon the approval
9 by the voters of the Clean, Safe, and Reliable Water Supply Act
10 of 2014, as set forth in that section at the November 4, 2014,
11 statewide general election.

12 SEC. 6. This act is an urgency statute necessary for the
13 immediate preservation of the public peace, health, or safety within
14 the meaning of Article IV of the Constitution and shall go into
15 immediate effect. The facts constituting the necessity are:

16 In order to fund clean, safe, and reliable water supply at the
17 earliest possible date, it is necessary that this act take effect
18 immediately.